

Losing Fatigue, Not Jackpot Fatigue

It's causing a \$5.4 billion annual shortfall.

By Andy Amada, Relationship Marketing Systems (RMS)

In 1995, online lotto games generated \$10.2 billion in sales here in the US. During the next 11 years the Consumer Price Index grew 32% and population grew 14%. Sales for those same states in 2006 should have reached \$14.9 billion just to keep pace. Instead, they only amounted to \$9.5 billion – in other words, a current annual shortfall of \$5.4 billion and growing.

Everyone believes players are dropping out or waiting to play because of Jackpot Fatigue. But, the problem has nothing to do with the size of the prizes. The problem is all about Losing Fatigue.

Players don't need \$200 million or even \$100 million to justify playing. They would be ecstatic at winning \$50 million, \$5 million or even \$1 million. The hottest games in town are the Raffles with only a \$1 million prize and the players are paying up to \$20 a ticket! Why, because the odds of LOSING have been significantly reduced and raffles produce more winners.

Millions of players have been losing for so long they have literally given up on winning. They have been playing for years, even decades, without seeing anything significant. For example, in Powerball, if a player spent \$5 a week, it would take 25 years before they see a prize over \$7. That's way too long to expect a player to remain loyal. They probably stopped playing after five years. So, what do the players do? They limit their playing until the jackpot is high enough to justify losing. It's the lack of winning experiences and loss of faith that they can win that has caused the players to lose interest in what used to be our greatest income producers.

So, what will it take to rebuild value in the online games to get the current players playing more and the old players back into the game? It's very simple – the same three things that got them interested in the first place; (1) believing they have a chance of winning; (2) hearing that others like them are winning; and (3) entertaining playing experiences. All of this and more can be achieved if Lotteries choose to add our product PoolingPLUS™, for players who want an affordable way to get more chances of winning.

However, to reach the target of rebuilding the value in online games, pooling should not be just 'given' away; it should be used as an incentive to encourage more online play.

PoolingPLUS™ requires a minimum purchase of the traditional 100% owned tickets in order to qualify for the pool, which not only creates more perceived value, it gives the Lottery more control over the offers.

The example shown above is just a sample PoolingPLUS™ ticket



layout. The ticket consists of two parts. The top part of the ticket represents the traditional 100% owned plays like players are buying today. In this example, the qualifying purchase is only two 100% owned plays, but it can be any quantity the Lottery would require from the player as a minimum purchase before they can qualify for the pool. The bottom part of the ticket shows a single pool of 10 plays for just an extra \$1. The Lottery could also offer more than one pool per qual-

ifying purchase if it chooses. This is what the players want – more chances of winning for an affordable price. Because the Lottery controls the quantity of required tickets and the number of pools offered with each purchase, the Lottery will have dozens of new promotions that can be offered to meet its marketing objectives.

With PoolingPLUS™, the players do not create the pools or go through any of the other hassles of the traditional office pool. The pools are created automatically by the gaming system and the Lottery receives full value for every ticket. Thus, if there are 10 tickets in the pool, the Lottery receives \$10.

Every state lottery can breathe new life back into their online games and once again see double digit growth rates by just adding PoolingPLUS™. Sales would increase significantly even if a majority of current players only pooled intermittently. But, the real 'grand slam' for the Lottery will come from new players and the players who return to the game for the opportunity to get more chances to win, not to mention from current players who start their play earlier.

Consider if a state offered two simultaneous PoolingPLUS™ promotions. The first offer could incentivize lower end players to return to the game. That offer could be the same as shown in the example above, where every player who buys 2 or more tickets can spend another dollar and get 10 more chances of winning. The second offer could appeal to the higher end player who is willing to spend more. The offer could be buy 5 or more tickets and get in up to 5 pools, incentivizing players who usually buy 5 or more tickets to kick in another \$5 to receive 50 more chances of winning. Players who have dropped out will have a powerful incentive to return to the game.

Reversing losing fatigue, growing the player base, and keeping players in the game requires giving the players more reasons to believe they can win, creating more winners and winner stories, and providing more entertainment. PoolingPLUS™, which requires no game changes and allows the Lottery to continue with the long odds and higher jackpot games, is the most powerful tool toward accomplishing those objectives. ♦